

## **REMARKS**

The following remarks are submitted to address the issues raised in the Office Action mailed April 29, 2004.

Claims 1-11, 17-44, and 50-72 are currently pending in the application. Claims 1-11, 17-44, and 50-72 stand rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 6,292,789 to Schutzer (hereinafter "Schutzer") in view of the Sun Trust .com reference (hereinafter "Sun"); Nelson, Quicken '99 for Windows for Dummies (hereinafter "Nelson"); U.S. Patent No. 5,903,881 to Schrader et al. (hereinafter "Schrader"); the X.com reference (hereinafter "X.com"), and the PayPal.com reference (hereinafter "PayPal").

Applicants respectfully request consideration of the application in view of the following remarks.

### ***Claim Amendments***

Applicants have amended claims 1 and 34 to clarify that the first level service includes an "on-line" payment service enabling the user to receive and send funds from the user's transaction account. Applicants have further amended claim 1 to clarify that the save for later feature and the held money feature are features of the transaction account and are not features associated with another account of the user. Applicants have amended claim 71 to further define the predefined service levels. Applicants have amended claim 72 to correct a typographical error. Support for these amendments are found throughout the specification and in the claims and accordingly no new matter has been added.

### ***Claim Rejections - 35 U.S.C. § 103***

The rejection of claims 1-11, 17-44, and 50-72 under 35 U.S.C. 103(a) as being unpatentable over Schutzer in view of Sun, Nelson, Schrader, X.com, and PayPal.com is respectfully traversed.

Embodiments of the present invention are directed to methods and systems for making on-line payments. The embodiment recited in the independent claims will be discussed in more detail below. As an initial matter, Applicants respectfully disagree with many statements by the Examiner characterizing their claims. While Applicants will not identify each such statement, Applicants particularly disagree with the Examiner's statement that "Applicant has generally claimed a prior known on-line payment system using what was by then a standard or optionally available combination of accounts and features."<sup>1</sup> Applicants respectfully disagree with the assertions that its claimed methods and systems were "known," "standard," or "optionally available." As another example, Applicants also disagree with the following characterization of claim 1: "[C]laim 1 only claims a standard checking account coupled to an online payment system and multiple common banking services in combination: which is by definition the applicant's claimed invention."<sup>2</sup> Applicants respectfully disagree with this characterization of claim 1, particularly as Applicants' inventions are defined by each and every limitation of the claims, many of which are not recited in the Examiner's definition.

The Examiner has combined Schutzer with Sun, Nelson, Schrader, X.com, and PayPal.com in rejecting each of the claims. In addition to not teaching or suggesting each limitation of the independent claims as discussed below, Applicants respectfully traverse the Examiner's combination of Schutzer with Sun, Nelson, Schrader, X.com, and PayPal.com. With regard to the combination, the Examiner stated: "Because it would have been common and advantageous and provided a much more comprehensive and efficient system of conducting on-line payment and banking services with integrated accounts and services, it would have been obvious to add the teaching of Sun, Nelson and Schrader and X.com and PayPal.com to those of Schutzer, and to add those of Schutzer to those of the others for the same reason."<sup>3</sup>

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<sup>1</sup> Office Action mailed April 29, 2004, p. 2.

<sup>2</sup> *Id.*, p. 7.

<sup>3</sup> *Id.*, p. 5.

Applicants respectfully submit that the Examiner has not met his burden of proof on obviousness by failing to demonstrate a motivation or suggestion to combine these references. The Examiner's statement regarding motivation to combine is a mere assertion based on the Examiner's view on what the level of ordinary skill in the art was at the time the invention was made. "The level of skill in the art cannot be relied upon to provide the suggestion to combine references."<sup>4</sup> Further, the Examiner has not identified statements in the prior art that would suggest the desirability of combining the six references asserted. "The mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination."<sup>5</sup>

As another general remark, Applicants note that the Examiner includes a large number of assertions on pages 5-7 regarding his view on what would have been obvious in the art and/or what would have been obvious or well-known in the art. Applicants first note that due to the organization of these statements (e.g., the length of the sentences and the number of clauses therein; inconsistent use of "obvious," "well-known," and "common practice" throughout the pages), Applicants are unclear as to whether the Examiner is asserting that each statement on pages 5-7 is well known or only certain statements. Accordingly, Applicants are unable to specifically point out the supposed errors in the Examiner's action, including stating why the noticed fact is not considered to be common knowledge or well-known in the art, as it is unclear which statements (and which clauses within such statements) are viewed by the Examiner to be well known or common practice. Applicants reserve the right to traverse any such assertions should the Examiner clarify such assertions in a future action.

To the extent the Examiner's position is that each of the statements on pages 5-7 are statements that the Examiner believes are well known or common practice,

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<sup>4</sup> MPEP § 2143.01 (citing *Al-Site Corp. v. VSI Int'l Inc.*, 174 F.3d 1308, 50 USPQ2d 1161 (Fed. Cir. 1999))

<sup>5</sup> MPEP § 2143.01 (citing *In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990)).

Applicants respectfully traverse the Examiner's use of official notice as not being in compliance with MPEP 2144.03. Specifically, Applicants respectfully submit that the Examiner has not "provide[d] specific factual findings predicated on sound technical and scientific reasoning to support his or her conclusion of common knowledge" for each statement.<sup>6</sup> In order to challenge the assertion, "[t]he applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice[.]"<sup>7</sup> Because Applicants are not aware of which specific statements or clauses are asserted to be well known or common practice and because the Examiner has not provided an explicit basis for such statements, Applicants are presently unable to traverse such a finding.

Claims 1-11, 17-44, and 50-70

Referring now to specific claims, independent claim 1 recites a method for making on-line payments that comprises receiving enrollment information from a user for an on-line payments service; receiving the user's designation of a source account for withdrawing funds for the on-line payments; providing a transaction account for the user as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels; wherein providing the transaction account for the user with at least one of the plurality of service levels further comprises providing the transaction account for the user with a first level service that includes an on-line person-to-person payment service enabling the user to receive and send funds from the user's transaction account, with a save for later feature enabling the user to accumulate a balance of funds in the user's transaction account for later use, and with a held money feature for retaining funds in the user's transaction account which the user has designated to be sent to a recipient but which has not yet been picked up by the recipient; providing the transaction account for the user with a second level of service that includes all features of the first level of service plus an access card enabling the user to access

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<sup>6</sup> MPEP § 2143.03

<sup>7</sup> *Id.*

funds in the user's transaction account for off-line transactions; and providing the transaction account for the user with a third level of service that includes all features of the first and second levels of service plus a credit line enabling the user to access both line of credit funds and accumulated balance funds in the user's transaction account; allowing the user to have funds reside in the transaction account; and allowing the user to use the funds residing in the transaction account for at least one of making an on-line payment with funds in the transaction account, making an on-line purchase with funds in the transaction account, making an off-line purchase with funds in the transaction account, making a cash withdrawal with funds in the transaction account, making a credit card account payment with funds in the transaction account, making a bill payment with funds in the transaction account, and making an international payment with funds in the transaction account.

Independent claim 34 recites a system for making on-line payments that comprises means for receiving enrollment information from a user for an on-line payments service; means for receiving the user's designation of a source account for withdrawing funds for the on-line payments; means for providing a transaction account for the user as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels; wherein the plurality of service levels provided for the user with the transaction account further comprises a first level of service that includes an online person-to-person payment service enabling the user to receive and send funds from the user's transaction account, a save for later feature enabling the user to accumulate a balance of funds in the user's transaction account for later use, and a held money feature for retaining funds in the user's transaction account which the user has designated to be sent to a recipient but which has not yet been picked up by the recipient; a second level of service that includes all features of the first level of service plus an access card enabling the user to access funds in the user's transaction account for off-line transactions; and a third level of service that includes all features of the first and second levels of service plus a credit line enabling the user to access

both line of credit funds and accumulated balance funds in the user's transaction account; means for allowing the user to have funds reside in the transaction account; and means for allowing the user to use the funds residing in the transaction account for at least one of making an on-line payment with funds in the transaction account, making an on-line purchase with funds in the transaction account, making an off-line purchase with funds in the transaction account, making a cash withdrawal with funds in the transaction account, making a credit card account payment with funds in the transaction account, making a bill payment with funds in the transaction account, and making an international payment with funds in the transaction account.

Applicants respectfully submit that claims 1 and 34 are patentable over the references cited because none of the references, individually or in combination, teach or suggest a source account for withdrawing funds for on-line payments in combination with a transaction account comprising a plurality of services levels, the service levels comprising, among other features, an on-line person-to-person payment service, an access card enabling the user to access funds in the user's transaction account for off-line transactions, and a credit line enabling the user to access both line of credit funds and accumulated balance funds in the user's transaction account, wherein the transaction account comprises a save for later feature and a held money feature.

Schutzer relates to a method and system for electronic bill presentment in which a biller signs up for billing service with a bill service provider, and thereafter consumers can sign up to have the biller's bills presented to the consumer by enrolling with a consumer service provider.<sup>8</sup> The biller submits bills for a particular cycle to the bill service provider, and the consumer service provider sends a notice of a new bill to the consumer's e-mail address, whereupon the consumer can pay either by sending an email with payment instructions to his payment processor, e.g., the bank where he has his bank account, or via his home banking software that interfaces

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<sup>8</sup> See, e.g., Schutzer, col 13, line 45-col 14, line 3.

to his payment processor, which then clears and settles the payment using, e.g., an ACH authorization.<sup>9</sup>

It is apparent on its face that Schutzer neither teaches nor suggests providing a transaction account with a number of features and different levels of service, including an on-line person-to-person payment service, as recited in amended claims 1 and 34. Claims 1 and 34 recite both a source account and a transaction account. The Examiner appears to take the position that Schutzer discloses “bank checking accounts used for a payment service” which the Examiner asserts are transaction accounts.<sup>10</sup> However, later in the same paragraph, the Examiner states that “[m]any of the above elements are inherent in the operation of an account that is the source account for a customer’s payment service.”<sup>11</sup> While a checking account can be a source account in some embodiments of the present invention, Applicants respectfully submit that the Examiner can not rely on the same account (a checking account) as teaching both a source account and a transaction account when the source account and transaction account are separately recited features in the claims.

The Examiner also asserts that a “savings account” is a save for later feature enabling the user to accumulate a balance of funds in the user’s transaction account for later use. Applicants respectfully submit that the save for later feature, as well as other features recited in claims 1 and 34, are associated with the transaction account and that the Examiner’s reference to multiple accounts as teaching features and limitations associated with a single account in the claims is improper.

The Examiner also asserts that the held money feature for retaining funds is “commonly automatically calculated as part of the account balance until the check is actually presented for payment[.]”<sup>12</sup> Applicants respectfully traverse this assertion to

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<sup>9</sup> See, e.g., *id.*, col 15, lines 3-23.

<sup>10</sup> Office Action, mailed April 29, 2004, p. 3.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

the extent that a financial institution having the user's account would not be aware of what personal checks the user has written until the checks are presented for payment.

For these reasons, Applicants respectfully submit that Schutzer does not provide a transaction account as recited in claims 1 and 34, and that there is no such transaction account in Schutzer with different levels of service. Nor is there any teaching or suggestion whatsoever in Schutzer of international payments as recited in claims 1 and 34. Instead, according to Schutzer, the consumer simply receives bills, e.g., by email from his consumer service provider, whereupon his options are limited to sending instructions either by email or home banking software to his bank, which then issues checks on the consumer's account and clears and settles the payment.<sup>13</sup>

Applicants respectfully submit that the Sun reference, which appears to be a printout of an old homepage for SunTrust Banks, does not cure the deficiencies of Schutzer. The two page Sun reference provided by the Examiner provides very little information. The Sun reference suggests that a user can "Login to Internet Banking" and indicates that Internet Banking might allow a user to "Bank and Pay Bills the E-way."<sup>14</sup> The Sun reference does not provide any description of how these services are performed nor to how its accounts are set up. Accordingly, Applicants respectfully submit that the Sun reference, like Schutzer, does not teach or suggest a transaction account having the features and levels of service recited in claims 1 and 34.

Applicants also respectfully submit that Nelson and Schrader do not cure the deficiencies of Schutzer and Sun. Nelson and Schrader relate to home banking software that allows a user to designate his or her own bank account as the source of funds to make payments. According to Nelson and Schrader, the user selects the bank where he has an account from a menu of participating banks and enters his bank's ABA routing number along with his bank account number and customer ID number.<sup>15</sup> Applicants respectfully submit that Nelson and/or Schrader do not teach or suggest

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<sup>13</sup> See, e.g., Schutzer, col 15, lines 3-23.

<sup>14</sup> Sun, p. 2.

<sup>15</sup> See, e.g., Nelson p. 101; Schrader, col 15, lines 27-54.



providing a transaction account for the user as a money deposit account to use as a source and a destination of funds with different service levels as recited in claims 1 and 34. On the contrary, Nelson and Schrader simply allow the user to designate his own bank account as the source of funds from which to make payments. Nor is there any teaching or suggestion whatsoever in Nelson and/or Schrader of providing a transaction account within which the consumer is allowed to have funds reside as recited in claims 1 and 34. Instead, according to Nelson and Schrader, the bank customer sends instructions for payment of his bills to the bank via the home banking software, and the bank simply issues checks on the customer's own bank account to pay the bills.<sup>16</sup>

The Examiner asserts that Nelson discloses "separate accounting for cleared and uncleared checks (held money features)."<sup>17</sup> The Examiner also asserts that Schrader discloses "save for later and held money portions of the transaction account, as it is obvious in his uncleared checking account balance for it to become not only the held money portion of the transaction action but also the save for later portion[.]"<sup>18</sup> While the home banking software provided in Nelson and Schrader may display cleared and uncleared transactions as well as different account balances accounting for such transactions, Applicants respectfully submit that the user's actual bank account does not include a save for later feature or a held money feature; the accounting noted by the Examiner is in files associated with the user's home banking software and not the user's bank account.

The Examiner asserts that the save for later feature is disclosed by Nelson as "additional accounts including petty cash, savings, and liability[.]"<sup>19</sup> Applicants respectfully submit that the save for later feature, as well as other features recited in claims 1 and 34, are associated with the transaction account and that the Examiner's

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<sup>16</sup> See, e.g., Nelson, p. 103-106; Schrader, col 15, line 55-col 16, line 12.

<sup>17</sup> Office Action, mailed April 29, 2004, p. 4.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

reference to different accounts as teaching features and limitations associated with a single account in the claims is improper.

Applicants also respectfully traverse the Examiner's assertion that Nelson discloses "the inherency of . . . a person to person payment service[.]"<sup>20</sup> Applicants have amended claims 1 and 34 to recite an on-line person-to-person payment service, which Applicants respectfully submit is not taught or suggested by Nelson.

As already noted, Nelson and/or Schrader do not provide a transaction account for the user as a money deposit account to use as a source and a destination of funds with different service levels, and it follows that Nelson and/or Schrader neither teach nor suggest allowing funds to reside in the transaction account and be used by the bank customer for payments, purchases, or withdrawals as recited in claims 1 and 34. Nor is there any teaching or suggestion in Nelson and/or Schrader whatsoever of international payments as recited in claims 1 and 34. On the contrary, the bank customer merely sends instructions to his bank via the home banking software to have the bank issue checks on the customer's checking account to pay the customer's bills, or the customer can check his account balance, or the customer can transfer funds between his accounts with the bank.<sup>21</sup>

Applicants respectfully submit that X.com does not cure the deficiencies of Schutzer, Sun, Nelson, and/or Schrader. X.com relates to online banking services that allows a user to move cash into and out of a checking account. X.com simply invites a user to open an account and receive the VISA check card and free starter kit of checks in the mail and offers the banking service through First Western National Bank, including a checking account that allows the user to move cash into and out of the checking account.<sup>22</sup> However, there is no teaching or suggestion whatsoever in X.com of providing a transaction account for the user as a money deposit account with different service levels as recited in claims 1 and 34. For example, X.com does

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<sup>20</sup> *Id.*

<sup>21</sup> *See, e.g.,* Nelson, p. 103-108; Schrader, col 15, line 55-col 19, line 24.

<sup>22</sup> *See, e.g.,* X.com p. 3.

not teach or suggest a transaction account for a user as a money deposit account with a save for later feature and/or with a held money feature. Nor is there any teaching or suggestion whatsoever of international payments as recited in claims 1 and 34. Instead, X.com simply offers banking service through First Western National Bank, including the checking account that allows users to send money over the Internet to be retrieved at ATMs with debit cards mailed to the recipient.<sup>23</sup>

Applicants respectfully traverse the Examiner's assertion that "[c]laim 1 simply describes a standard checking account coupled to an online payment system, using the checking account as a funds source."<sup>24</sup> Applicants agree that a checking account can be a source account as that term is used in claims 1 and 34. However, when the checking account is a source account, that same checking account can not also be the transaction account as claims 1 and 34 recite a source account and checking account as being separate features. As noted above, the X.com account does not teach or suggest the features and different service of levels of the transaction account recited by Applicants' claims.

Applicants respectfully submit that PayPal.com does not cure the deficiencies of Schutzer, Sun, Nelson, Schrader, and/or X.com. The PayPal.com reference discloses payments by email. Applicants respectfully submit that there is no teaching or suggestion whatsoever in PayPal.com of providing a transaction account with different service levels as recited in claims 1 and 34. On the contrary, according to PayPal.com, a user is allowed to log on to the website and register for email payment service and to use his own credit or bank account as the source account for the email payment and have funds deposited directly to his bank.<sup>25</sup>

Accordingly, Applicants respectfully submit that claim 1 is patentable over Schutzer in view of Sun, Nelson, Schrader, X.com, and/or PayPal.com because none of the references, alone or in combination, teach or suggest a method for making

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<sup>23</sup> See, e.g., *id.* p. 3-6.

<sup>24</sup> Office Action, mailed April 29, 2004, p. 7.

<sup>25</sup> See, e.g., PayPal, p. 2.

online payments that comprises providing a source account for withdrawing funds for on-line payments in combination with providing the user a transaction account as a money deposit account with one or more service levels, upon receipt of enrollment information and designation of a source account from the user, wherein the service levels consist of a first level that includes an on-line person-to-person payment service enabling the user to receive and send funds from the user's transaction account, with a save for later feature enabling the user to accumulate a balance of funds in the user's transaction account for later use, and with a held money feature for retaining funds in the user's transaction account which the user has designated to be sent to a recipient but which has not yet been picked up by the recipient; a second level that includes all features of the first level plus an access card enabling the user to access funds in the user's transaction account for off-line transactions; and a third level that includes all features of the first and second levels plus a credit line enabling the user to access both line of credit funds and accumulated balance funds in the user's transaction account, and wherein the user is allowed to have funds reside in the transaction account and use those funds for various types of transactions, including, e.g., international payments. For at least this reason, Applicants respectfully submit that claim 1 and all claims depending from claim 1, or depending from intervening dependent claims, are patentable over the references cited.

Applicants also respectfully submit that claim 34 is patentable over Schutzer in view of Sun, Nelson, Schrader, X.com, and/or PayPal.com because none of the references, alone or in combination, teach or suggest a system for making online payments that comprises means for receiving the user's designation of a source account for withdrawing funds for the on-line payments in combination with means for providing a transaction account for the user as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels, wherein the plurality of service levels provided for the user with the transaction account further comprises a first level of service that includes an on-line person-to-person payment service enabling the user to

receive and send funds from the user's transaction account, a save for later feature enabling the user to accumulate a balance of funds in the user's transaction account for later use, and a held money feature for retaining funds in the user's transaction account which the user has designated to be sent to a recipient but which has not yet been picked up by the recipient; a second level of service that includes all features of the first level of service plus an access card enabling the user to access funds in the user's transaction account for off-line transactions; and a third level of service that includes all features of the first and second levels of service plus a credit line enabling the user to access both line of credit funds and accumulated balance funds in the user's transaction account, wherein the system is adapted to allow the user to use the funds residing in the transaction account for various types of transactions, including, e.g., international payments. For at least this reason, Applicants respectfully submit that claim 34 and all claims depending from claim 34, or depending from intervening dependent claims, are patentable over the references cited.

#### Claim 71

Independent claim 71 relates to a method for making on-line payments that comprises receiving enrollment information by a payments engine from a user at a terminal via a network for an on-line payments service; identifying characteristics of the user from the enrollment information indicative of a predefined service level for the user by the payments engine; appending a level indicator for the user by the payments engine to an enrollment file for the user corresponding to the predefined service level for the user; receiving the user's designation of a source account for withdrawing funds for the on-line payments service for the user by the payments engine via the network; providing a transaction account for the user by the payments engine with a user service level and graphical user interface corresponding to the appended level indicator; and allowing the user to use the transaction account for a transaction via the payments engine in response to prompts displayed on the graphical user interface for the user at the terminal according to predetermined transaction parameters established for the user service level, wherein the predefined service levels

comprise a first level service that includes an on-line person-to-person payment service enabling the user to receive and send funds from the user's transaction account, with a save for later feature enabling the user to accumulate a balance of funds in the user's transaction account for later use, and with a held money feature for retaining funds in the user's transaction account which the user has designated to be sent to a recipient but which has not yet been picked up by the recipient, a second level of service that includes all features of the first level of service plus an access card enabling the user to access funds in the user's transaction account for off-line transactions, and a third level of service that includes all features of the first and second levels of service plus a credit line enabling the user to access both line of credit funds and accumulated balance funds in the user's transaction account. Applicants have amended claim 71 to recite predefined service levels and respectfully submit that claim 71 is patentable over the references cited by the Examiner.

Applicants respectfully submit that there is no teaching or suggestion in Schutzer of providing a transaction account with the different service levels or a payments engine as recited in claim 71. On the contrary, Schutzer teaches that the biller signs up for billing service, and thereafter consumers can sign up to have the biller's bills presented to the consumer and have his bank pay his bills out of his bank account pursuant to his instructions.<sup>26</sup> According to Schutzer, the biller submits bills for a particular cycle to the bill service provider, and the consumer service provider sends a notice of a new bill to the consumer's e-mail address, and the consumer either pays by sending an email with payment instructions to his payment processor, e.g., the bank where the consumer has a bank account, or via home banking/bill payment personal finance software that interfaces to the payment processor, which clears and settles the payment using, e.g., an ACH authorization.<sup>27</sup>

There is no teaching or suggestion in Schutzer whatsoever of providing a transaction account with different service levels or a payments engine as recited in

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<sup>26</sup> See, e.g., Schutzer, col 13, line 45-col 14, line 3; col 15, lines 3-23.

<sup>27</sup> See, e.g., *id.*, Col 15, lines 3-23.

claim 71, and it is abundantly clear that terms, such as biller “account” and consumer “account” refer to the arrangements establishing parameters for services to be provided to billers and consumers by service providers and not to the transaction as recited in claim 71. On the contrary, instead of providing a transaction account for the user by the payments engine as recited in claim 71, Schutzer teaches that the consumer’s bank simply pays the consumer’s bills pursuant to instructions from the consumer’s bank account.<sup>28</sup>

It is apparent on its face that Schutzer neither teaches nor suggests providing a transaction account by the payments engine with a predefined user service level, including an on-line person-to-person payment service, as recited in amended claim 71. Claim 71 recites both a source account and a transaction account. The Examiner appears to take the position that Schutzer discloses “bank checking accounts used for a payment service” which the Examiner asserts are transaction accounts.<sup>29</sup> However, later in the same paragraph, the Examiner states that “[m]any of the above elements are inherent in the operation of an account that is the source account for a customer’s payment service.”<sup>30</sup> While a checking account can be a source account in some embodiments of the present invention, Applicants respectfully submit that the Examiner can not rely on the same account (a checking account) as teaching both a source account and a transaction account when the source account and transaction account are separately recited features in the claims.

For these reasons, Applicants respectfully submit that Schutzer does not provide a transaction account with a user service level by a payments engine as recited in claim 71, and that there is no such transaction account in Schutzer with different levels of service. Nor is there any teaching or suggestion in Schutzer of allowing the user to use the transaction account provided by the payments engine for a transaction as recited in claim 71. On the contrary, instead of providing a

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<sup>28</sup> See, e.g., *id.*

<sup>29</sup> Office Action, mailed April 29, 2004, p. 3.

<sup>30</sup> *Id.*

transaction account that the user can use as a source and a destination of funds, Schutzer teaches that the bank where the consumer has his bank account simply pays the consumer's bills out of the consumer's bank account pursuant to instructions from the consumer.<sup>31</sup>

Applicants respectfully submit that the Sun reference, which appears to be a printout of an old homepage for SunTrust Banks, does not cure the deficiencies of Schutzer. The two page Sun reference provided by the Examiner provides very little information. The Sun reference suggests that a user can "Login to Internet Banking" and indicates that Internet Banking might allow a user to "Bank and Pay Bills the E-way."<sup>32</sup> The Sun reference does not provide any description of how these services are performed nor to how its accounts are set up. Accordingly, Applicants respectfully submit that the Sun reference, like Schutzer, does not teach or suggest providing a transaction account with a user service level by a payments engine as recited in claim 71.

Applicants also respectfully submit that Nelson and Schrader do not cure the deficiencies of Schutzer and Sun. There is no teaching or suggestion in Nelson and/or Schrader et al. whatsoever of providing a transaction account with different service levels by the payments engine as recited in claim 71. On the contrary, according to Nelson and Schrader, the user selects his own bank where he has his bank account from a menu of participating banks and enters his bank's ABA routing number, his bank account number, and his customer ID number and furnishes details for payment of his bills to the bank via the home banking software, and the bank simply issues checks to pay the bills.<sup>33</sup>

Applicants respectfully submit that X.com does not cure the deficiencies of Schutzer, Sun, Nelson, and/or Schrader. There is no teaching or suggestion in X.com whatsoever of providing a transaction account with different service levels by the

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<sup>31</sup> See, e.g., Schutzer, col 15, lines 3-23.

<sup>32</sup> Sun, p. 2.

<sup>33</sup> See, e.g., Nelson p. 101-106; and Schrader, col. 15, lines 27-col 16, line 12.



payments engine as recited in claim 71. On the contrary, X.com offers banking service through First Western National Bank, including a checking account that allows users to send money over the Internet to be retrieved at ATMs with debit cards mailed to the recipient, and invites users to open the account and receive a VISA check card and free starter kit of checks in the mail.<sup>34</sup>

Applicants also respectfully submit that PayPal.com does not cure the deficiencies of Schutzer, Nelson, Schraeder et al., and/or X.com. There is no teaching or suggestion in PayPal.com whatsoever of providing the transaction account with different service levels by the payments engine as recited in claim 71. On the contrary, according to PayPal.com, a user is allowed to log on to a website and register for the email payment services and make email payments using his own credit card or bank account or a check as the source account for email payments and withdraw funds by direct deposit to his source account.<sup>35</sup>

For the above reasons, Applicants respectfully submit that claim 71 is patentable over Schutzer in view of Sun, Nelson, Schrader, X.com, and/or PayPal.com because none of the references, alone or in combination, teach or suggest a method for making online payments that comprises appending a level indicator for a user by a payments engine to an enrollment file for the user corresponding to a predefined service level for the user, receiving the user's designation of a source account for withdrawing funds for the on-line payments service for the user by the payments engine via the network, and providing a transaction account for the user by the payments engine with a user service level and graphical user interface corresponding to the appended level indicator, wherein the predefined service levels comprise a first level service that includes an on-line person-to-person payment service enabling the user to receive and send funds from the user's transaction account, with a save for later feature enabling the user to accumulate a balance of funds in the user's transaction account for later use, and with a held money feature for

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<sup>34</sup> See, e.g., X.com p. 3.

<sup>35</sup> See, e.g., PayPal, p. 2.

retaining funds in the user's transaction account which the user has designated to be sent to a recipient but which has not yet been picked up by the recipient, a second level of service that includes all features of the first level of service plus an access card enabling the user to access funds in the user's transaction account for off-line transactions, and a third level of service that includes all features of the first and second levels of service plus a credit line enabling the user to access both line of credit funds and accumulated balance funds in the user's transaction account.

#### Claim 72

Independent claim 72 relates to a method for making on-line payments that comprises receiving enrollment information for an on-line payments service on an enrollment page for the on-line payments service, receiving from the user the user's designation of a source account for withdrawing funds for the on-line payments service, providing a transaction account for the user by the on-line payments service as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels; allowing the user to have funds reside in at least one of a save for later portion of the transaction account and a held money portion of the transaction account; allowing the user to use the funds residing in the transaction account for a transaction consisting of any of making an on-line payment via a recipient account with funds in the transaction account, making an on-line purchase with funds in the transaction account by authorizing payment from the transaction account to an on-line merchant, making a credit card account payment with funds in the transaction account by authorizing the payment to the user's credit card account, making a bill payment via a bill payment service with funds in the transaction account, making an international payment via an international payment service in a foreign currency with funds in the transaction account, making an off-line purchase with funds in the transaction account by authorizing payment from the transaction account to an off-line merchant using a transaction card provided to the user in connection with the transaction account, and making a cash withdrawal with funds in the transaction account at a self-service

financial transaction terminal using the transaction card; and providing the user a credit facility to supplement the save for later portion of the funds in the transaction account for use in any of said transactions, wherein the credit facility is accessible by the user only upon depleting the save for later portion of the funds in the transaction account.

Schutzer relates to a method and system for electronic bill presentment in which a biller signs up for billing service with a bill service provider, and thereafter consumers can sign up to have the biller's bills presented to the consumer by enrolling with a consumer service provider.<sup>36</sup> The biller submits bills for a particular cycle to the bill service provider, and the consumer service provider sends a notice of a new bill to the consumer's e-mail address, whereupon the consumer can pay either by sending an email with payment instructions to his payment processor, e.g., the bank where he has his bank account, or via his home banking software that interfaces to his payment processor, which then clears and settles the payment using, e.g., an ACH authorization.<sup>37</sup>

It is apparent on its face Schutzer neither teaches nor suggests providing a transaction account for the user by the on-line payments service as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels and allowing the user to have funds reside in at least one of a save for later portion of the transaction account and a held money portion of the transaction account as recited in claim 72. Further, claims 72 recites both a source account and a transaction account. The Examiner appears to take the position that Schutzer discloses "bank checking accounts used for a payment service" which the Examiner asserts are transaction accounts.<sup>38</sup> However, later in the same paragraph, the Examiner states that "[m]any of the above elements are inherent in the operation of an account that is the source account for a customer's

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<sup>36</sup> See, e.g., Schutzer, col 13, line 45-col 14, line 3.

<sup>37</sup> See, e.g., *id.*, col 15, lines 3-23.

<sup>38</sup> Office Action, mailed April 29, 2004, p. 3.

payment service.”<sup>39</sup> While a checking account can be a source account in some embodiments of the present invention, Applicants respectfully submit that the Examiner can not rely on the same account (a checking account) as teaching both a source account and a transaction account when the source account and transaction account are separately recited features in the claims.

The Examiner also asserts that a “savings account” is a save for later feature enabling the user to accumulate a balance of funds in the user’s transaction account for later use. Applicants respectfully submit that the save for later feature, as well as other features recited in claim 72, are associated with the transaction account and that the Examiner’s reference to different accounts as teaching features and limitations associated with a single account in the claims is improper.

The Examiner also asserts that the held money feature for retaining funds is “commonly automatically calculated as part of the account balance until the check is actually presented for payment[.]”<sup>40</sup> Applicants respectfully traverse this assertion to the extent that a financial institution having the user’s account would not be aware of what personal checks the user has written until the checks are presented for payment.

For these reasons, Applicants respectfully submit that Schutzer does not teach or suggest providing a transaction account for a user by an on-line payments service with at least one of a plurality of service levels, or allowing the user to have funds reside in at least one of a save for later portion of the transaction account and a held money portion of the transaction account as recited in claim 71. Nor is there any teaching or suggestion whatsoever in Schutzer of international payments as recited in claim 72. Instead, according to Schutzer, the consumer simply receives bills, e.g., by email from his consumer service provider, whereupon his options are limited to

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<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

sending instructions either by email or home banking software to his bank, which then issues checks on the consumer's account and clears and settles the payment.<sup>41</sup>

Applicants respectfully submit that the Sun reference, which appears to be a printout of an old homepage for SunTrust Banks, does not cure the deficiencies of Schutzer. The two page Sun reference provided by the Examiner provides very little information. The Sun reference suggests that a user can "Login to Internet Banking" and indicates that Internet Banking might allow a user to "Bank and Pay Bills the E-way."<sup>42</sup> The Sun reference does not provide any description of how these services are performed nor to how its accounts are set up. Accordingly, Applicants respectfully submit that the Sun reference, like Schutzer, does not teach or suggest providing a transaction account having the features and levels of service recited in claim 72 and does not teach or suggest allowing a user to have funds reside in at least one of a save for later portion of the transaction account and a held money portion of the transaction account.

Applicants also respectfully submit that Nelson and Schrader do not cure the deficiencies of Schutzer and Sun. Applicants respectfully submit that Nelson and/or Schrader do not teach or suggest providing a transaction account for the user by the on-line payments service as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels, and also do not teach or suggest allowing the user to have funds reside in at least one of a save for later portion of the transaction account and a held money portion of the transaction account as recited in claim 72. On the contrary, Nelson and Schrader simply allow the user to designate his own bank account as the source of funds from which to make payments. Nor is there any teaching or suggestion whatsoever in Nelson and/or Schrader of providing a transaction account within which the consumer is allowed to have funds reside as recited in claim 72. Instead, according to Nelson and Schrader, the bank customer sends instructions for

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<sup>41</sup> See, e.g., Schutzer, Col 15, lines 3-23.

<sup>42</sup> Sun, p. 2.

payment of his bills to the bank via the home banking software, and the bank simply issues checks on the customer's own bank account to pay the bills.<sup>43</sup>

The Examiner asserts that Nelson discloses "separate accounting for cleared and uncleared checks (held money features)."<sup>44</sup> The Examiner asserts that Schrader discloses "save for later and held money portions of the transaction account, as it is obvious in his uncleared checking account balance for it to become not only the held money portion of the transaction action but also the save for later portion[.]"<sup>45</sup> While the home banking software provided in Nelson and Schrader may display cleared and uncleared transactions as well as different account balances accounting for such transactions, Applicants respectfully submit that the user's actual bank account does not include a save for later feature or a held money feature; the accounting noted by the Examiner is in files associated with the user's home banking software and not the user's bank account.

The Examiner asserts that the save for later feature is disclosed by Nelson as "additional accounts including petty cash, savings, and liability[.]"<sup>46</sup> Applicants respectfully submit that the save for later feature, as well as other features recited in claim 72, are associated with the transaction account and that the Examiner's reference to different accounts as teaching features and limitations associated with a single account in the claims is improper.

As already noted, Nelson and/or Schrader do not provide a transaction account for the user by the on-line payments service as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels, and also do not allow the user to have funds reside in at least one of a save for later portion of the transaction account and a held money portion of the transaction account. Similarly, it logically follows that

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<sup>43</sup> See, e.g., Nelson, p. 103-106; Schrader, col 15, line 55-col 16, line 12.

<sup>44</sup> Office Action, mailed April 29, 2004, p. 4.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*

there can be no funds residing in the transaction account which can be used by the user for payments, purchases, or withdrawals as recited in claim 72. Nor is there any teaching or suggestion whatsoever in Nelson and/or Schrader et al. of international payments as recited in claim 72. Instead, according to Nelson and Schrader et al., the bank customer sends instructions to his bank via the home banking software to have the bank issue checks to pay the customer's bills, or the customer can use the home banking software of Nelson and Schrader et al. to check his account balance or to transfer funds between his accounts with the bank.<sup>47</sup>

X.com does not remedy the deficiencies of Schutzer, Nelson, and Schrader et al. While X.com offers customers banking service through First Western National Bank, including a checking account and movement of cash into and out of the customer's checking account, there is no teaching or suggestion whatsoever in X.com of providing a transaction account for the user as a money deposit account with different service levels as recited in claim 72.<sup>48</sup> Nor is there any teaching or suggestion in X.com whatsoever of providing a transaction account within which the consumer is allowed to have funds reside in either a save for later portion or a held money portion as recited in claim 72. Instead, X.com merely offers the banking service, including the checking account, through First Western National Bank.<sup>49</sup> Neither is there any teaching or suggestion whatsoever in X.com of international payments of any kind, much less of international payments via an international payment service in a foreign currency with funds in the transaction account as recited in claim 72. On the contrary, X.com simply offers banking service, including the checking account that allows the banking customer to send money over the Internet to be retrieved at an ATMs with a debit card.<sup>50</sup>

Applicants respectfully submit that PayPal.com does not cure the deficiencies of Schutzer, Sun, Nelson, Schrader, and/or X.com. While PayPal allows the user to

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<sup>47</sup> See, e.g., Nelson, p. 103-108; Schrader, col 15, line 55-col 19, line 24.

<sup>48</sup> See, e.g., X.com p. 3.

<sup>49</sup> See, e.g., X.com p. 3.

<sup>50</sup> See, e.g., X.com p. 3-6.

designate his credit card or bank account as source account for email payments, as already noted, there is no teaching or suggestion in PayPal.com whatsoever of providing a transaction account with service levels by a payments engine as recited in claim 72. Nor is there any teaching or suggestion in PayPal.com whatsoever of providing the transaction account within which the consumer is allowed to have funds reside in either a save for later portion or a held money portion as recited in claim 72. Neither is there any teaching or suggestion whatsoever in PayPal.com of international payments of any kind, much less of international payments via an international payment service in a foreign currency with funds in the transaction account as recited in claim 72. On the contrary, PayPal simply allows the user to designate his own credit card or bank account as the source account for email payments and withdraw funds by direct deposit to his bank account.<sup>51</sup>

For at least the reasons that the references cited by the Examiner, alone or in combination, do not teach or suggest providing a transaction account for the user by the on-line payments service as a money deposit account with an account number that the user can use as a source and a destination of funds and with at least one of a plurality of service levels and allowing the user to have funds reside in at least one of a save for later portion of the transaction account and a held money portion of the transaction account, Applicants respectfully submit that claim 72 is patentable.

Applicants respectfully submit that the claimed combinations are not taught or suggested by Schutzer, Nelson, Schraeder et al., X.com, and/or PayPal.com either separately or in combination with one another. Because the cited references, either alone or in combination, do not teach the limitations of independent claims 1, 34, 71, and 72, the Examiner has failed to establish the required prima facie case of unpatentability.<sup>52</sup>

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<sup>51</sup> See, e.g., PayPal, p. 2.

<sup>52</sup> See *In re Royka*, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a prima facie case of obviousness requires the references to teach all of the limitations of the rejected claim); see also MPEP §2143.03.



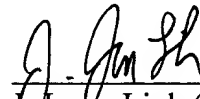
The Examiner has failed to establish the required prima facie case of unpatentability for independent claims 1, 34, 71, and 72, and similarly has failed to establish a prima facie case of unpatentability for claims 2-33 that depend on claim 1, claims 35-70 that depend on claim 34 and claims 44-47 that depend on claim 43 and which recite further specific elements that have no reasonable correspondence with the references.

### Conclusion

In view of the foregoing amendment and these remarks, each of the claims remaining in the application is in condition for immediate allowance. Accordingly, the Examiner is requested to reconsider and withdraw the rejection and to pass the application to issue. The Examiner is respectfully invited to telephone John M. Harrington at (336) 607-7318 to discuss any questions relating to the application.

Respectfully submitted,

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